

## Retailers of Tobacco Products Other Than Cigarettes

## Tobacco taxes notice

The Department of Revenue recently discovered that some Tennessee retailers are selling cigars without the proper Tennessee tobacco tax being paid.

Tennessee law imposes a 6% tax on the wholesale cost price of tobacco products (other than cigarettes) sold in Tennessee. This includes cigars and pipe tobacco. The tax is generally collected and remitted by wholesalers licensed to sell tobacco products in Tennessee. However, any person or business receiving and/or selling such products on which the applicable tax is not properly paid - including Tennessee retailers - violates the Tennessee Tobacco Tax Law. Lawful penalties for violations include department confiscation of untaxed products as contraband as well as monetary penalties.

Retailers that purchase any tobacco products (other than cigarettes) from wholesalers and/or manufacturers not licensed in Tennessee are required to: (1) register with the department; (2) maintain books and records accounting for all untaxed tobacco products (other than cigarettes) they receive; and (3) report monthly the receipt of untaxed tobacco products (other than cigarettes) (completing Schedule C of the Tennessee Tobacco Products Return) and remit tax to the department on the purchase price of such products. The return is due on the 15<sup>th</sup> day of the

month following the month of purchase, not sale, of the products.

The department will allow Tennessee retailers a reasonable time to comply with the provisions of this notice. However, retailers continuing to purchase tobacco products other than cigarettes from unlicensed suppliers must register with the department on or before March 1, 1999. Thereafter, retailers will be subject to the sanctions mentioned above (product confiscation and monetary penalties) if they have not complied with the terms of this notice.

To minimize the risk of these sanctions and to leave the tax collection burden on wholesalers, Tennessee retailers may prefer to purchase their tobacco products other than cigarettes from licensed Tennessee wholesalers. A list of wholesalers currently licensed to sell tobacco products in Tennessee is attached.

Please note: Under no circumstances may a retailer purchase and/or sell unstamped cigarettes.

Have questions or comments? Please let us know. [Contact us.](#)

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